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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR-18-81

WASHINGTON, May 6--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In MEXICO, rapidly expanding domestic demand for agricultural commodities, particularly grains, oilseeds, and pulses, has largely offset 1980 agricultural production increases. As a result, U.S. exports to Mexico during 1981 probably will exceed the upper limits of the 6.15 million-8.18 million-ton 1981 U.S.-Mexico Agricultural Supply Agreement.

Sales of U.S. commodities under the agreement totaled more than 5 million tons by the end of April. With the exception of an estimated 375,000 tons of edible beans contracted for fall 1981 delivery and about 200,000 tons of wheat and soybeans for July and August shipment, all sales contracts call for shipments during the first half of calendar 1981.

Mexico also has contracted for grains and oilseeds from other suppliers, but it is still expected that U.S. exports under the 1981 agreement will about equal the 10 million tons shipped under the 1980 agreement. This will allow some improvement in the levels of commodity stocks held by Mexico if domestic crop outturns are average or better this year. Unfavorable weather and crop setbacks could, however, limit Mexico's ability to achieve its goal of improving commodity stock levels.

The following table shows the current status of U.S.-Mexico trade under the commodity supply agreements in thousands of tons.

|                  | U.S. exports<br>to Mexico in<br>1980 | 1981 agreement<br>quantities | Mexico's purchases<br>for 1981 delivery |
|------------------|--------------------------------------|------------------------------|---|
| Corn and sorghum | 7,254                                | 4,000-5,250                  | 3,317                                   |
| Wheat            | 675                                  | 600-800                      | 689                                     |
| Edible beans     | 307                                  | 100-200                      | 375 1/                                  |
| Soybeans         | 931                                  | 850-1,000                    | 543                                     |
| Other            | 852                                  | 600-930                      | 178                                     |
| Total 2/         | 10,019                               | 6,150-8,180                  | 5,102                                   |

1/ Reported but unconfirmed contracts for fall 1981 delivery.

2/ Agreement commodities only.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: (202) 447-7937.

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## DAIRY, LIVESTOCK, AND POULTRY

The EUROPEAN COMMUNITY (EC) has received and accepted import license applications for 602 tons of U.S. high-quality beef under the second quarterly allocation of 4,000 tons of the U.S. 10,000-ton quota. Of the 602-ton total, license applications received by country were: Germany (254 tons), United Kingdom (231 tons), Denmark (50 tons), Netherlands (30 tons), France (27 tons) and Luxembourg (10 tons).

Import licenses for the first six months of 1981 have been issued to Member States for a total of 1,015 tons out of the 10,000-ton quota total.

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The UNITED KINGDOM's Ministry of Agriculture, Fisheries and Food has declared Great Britain to be free of foot-and-mouth disease, since no outbreaks have occurred since March 22. At that time, an outbreak of the disease took place in Yarmouth on the Isle of Wight, an island three miles off the south coast of Great Britain. The 168 cattle on the infected premises were slaughtered, as were 369 pigs and 86 other cattle regarded as dangerous contacts. No vaccinations were carried out. All movement restrictions are now lifted.

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IRAQ's State Establishment for Agricultural Products has requested offers from U.S. poultry exporters for 35,000 tons of frozen chicken. This request conforms to a tender Iraq will issue in July; the specifications for the chickens are identical to a tender issued in July 1980.

## HORTICULTURAL AND TROPICAL PRODUCTS

In FRANCE, the onset of unseasonably cold weather on April 23 has led to numerous reports of frost damage in major fruit-producing regions. Moderate damage was reported in the Midi, Rhone Valley, and Lyonnais, which together account for 45 percent of the apples, 65 percent of the pears, 90 percent of the peaches, and 80 percent of the cherries produced annually in France. Moderate losses also are expected in the Loire Valley, with pears sustaining more damage than apples.

Reportedly, frost damage was severe north of the Seine Valley, which produces 10 percent of France's apples, 8 percent of its pears, and 20 percent of its plums. Heavy losses to the cherry crop in Yonne also are anticipated. In the Eyrieux Valley, which accounts for almost 10 percent of France's peach output, an estimated 80 to 100 percent of the blooms were destroyed.

No significant damage has been reported to date in the southwest region of Aquitaine, where approximately 6 percent of the country's peaches and 10 percent of both apples and pears are grown.

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The NETHERLANDS Government Extension Service has issued a preliminary report, which estimates that 75 percent of the country's apple, pear, cherry, and plum blooms were frozen by a sudden frost in mid-April that severely damaged fruit crops. Total damage currently is forecast to be between \$16 million and \$20 million.

\*\*\*\*\*

SOUTH KOREA'S 1981 dried ginseng root production is expected to be up slightly to about 970 tons from 923 tons in 1980. White ginseng producers are expected to receive \$23.88 per kilogram of fresh ginseng. The export plan calls for shipments valued at \$72 million.

South Korea's 1980 crop was about 8 percent less than in 1979 because of unfavorable weather conditions and rising production costs. Harvested area was 1,635 hectares, with a yield of 565 kilograms per hectare.

Of South Korea's total 1980 dried ginseng root outturn, 687 tons went into white ginseng, 89 tons into white ginseng products, 145 tons into red ginseng, and 2 tons into red ginseng products. Private producers of white ginseng in 1980 were paid \$24.67 per kilogram (fresh basis), as established by the government's Office of Monopoly. Red ginseng production is managed by the government. Subsidies for ginseng seed preparation, land development, cultivation, and machinery use in 1980 totaled \$131,000 or \$80.12 per hectare. Exports in 1980 amounted to 250 tons (ingredient basis) valued at \$65.9 million.

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ARGENTINA eliminated recently established export taxes on April 15 for selected agricultural products on the basis that these commodities were economically important to certain regions of the country. This action essentially returns these commodities to their pre-devaluation status, allowing them to enjoy the full impact of the recent 30 percent devaluation.

Affected taxes include the 12 percent export tax for potatoes, other fresh and preserved vegetables, and hops. In addition, the 2 percent export tax for asparagus, frozen vegetables, and dehydrated vegetables was replaced by a 7 percent export rebate.

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CHILE'S 1981 dried prune and raisin crops are expected to rise to 5,000 and 3,000 tons, respectively, compared to last season's levels of 4,500 and 2,500 tons because of new bearing acreage of both fruits. The trade outlook for 1981 is optimistic, compared to depressed sales of last season, when exports amounted to 2,004 tons of dried prunes and 1,172 tons of raisins.

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CHINA'S jute and kenaf production, officially reported for the first time in recent years, rose considerably during the 1970's. From less than 300,000 tons in 1971 and 1972, output increased nearly four times by the end of the decade and now appears to have leveled off.

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Currently planted area is estimated at 355,000 to 370,000 hectares. Over 80 percent of China's jute and kenaf production is in seven provinces--Zhejiang (the major producing province), Shandong, Guangdong, Anhui, Henan, Guangxi, and Sichuan.

Production of jute and kenaf during 1977-80 is as follows (in thousand tons):

|      |       |
|------|-------|
| 1977 | 861   |
| 1978 | 1,088 |
| 1979 | 1,089 |
| 1980 | 1,090 |

No foreign trade data is available, but based on press articles in 1978 and 1979, China's jute and kenaf exports appear to have been a little less than 15 percent of production.

#### TOBACCO

NEW ZEALAND'S Industries Development Commission (IDC) is continuing its review of import tariffs and licenses as part of the government's program to eliminate aid to the tobacco industry. This program includes the elimination of import licenses for manufactured tobacco products, except cigars, between July 1, 1983, and June 30, 1985. However, the IDC and the tobacco industry are seeking ways to provide protection from imports of low-priced leaf tobacco. The IDC's current proposal is for a duty on unmanufactured tobacco for cigarettes of NZ\$120 per 100 kilograms, minus 30 percent of the amount the c.i.f. value exceeds NZ\$460 per 100 kilograms, with a minimum duty not less than \$40 per 100 kilograms. The current duty is NZ\$70 per 100 kilograms, minus 25 percent of the amount by which the c.i.f. value exceeds \$360 per 100 kilograms, with the same \$40 minimum. If approved, the duty will go into effect Sept. 1. The proposal also would increase the cigarette duty by adding a 15 percent ad valorem element to the current specific rate. Final IDC recommendations and the government's decision is expected within six weeks.

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ZIMBABWE'S 1981 tobacco auctions opened April 22 with prices during the first three days averaging \$2.15 (143 Zimbabwe cents) per kilogram, 70 percent above the average price during the first week of the 1980 auction. Prices increased during the second week to an average of \$2.32 (154 Zimbabwe cents) per kilogram. Only lugs and priming grades have been sold to date. The short 1981 flue-cured crop, estimated at less than the marketing quota of 70,000 tons, is the reason behind the high prices received for the lower grades currently being sold. Even nondescript leaf that would have been discarded in 1980 is being sold. The quality of the 1981 crop reportedly is much better than in 1980.

#### International Weather and Crop Summary, April 27 - May3

USSR--Temperatures in the winter grain belt rose sufficiently to permit renewed growth, but readings stayed lower than normal. This put crop development further behind and the situation appears very similar to that of last year. Rainfall was generally above normal, as two frontal systems moved

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slowly through the area. Some parts of the belt received lighter rainfall, but abundant rains in other areas kept fields wet and hindered fieldwork, which is running behind schedule. In the New Lands, a storm moving across the south at the weekend dropped abundant beneficial rain in the southwestern portion of the area. Showers over the rest of the area produced variable amounts which averaged near the normal of 5 mm. However, more moisture should fall as this system and another from the northwest move slowly eastward. The storm in the south also caused heavy rains in the cotton-growing area. Heaviest amounts occurred in southern Uzbekistan and eastern Turkmenistan, and may have caused some washout of newly planted cotton.

EUROPE--Relatively cold and wet weather dominated the region, and worsened some developing problems across the north. Conditions remained too cold for crop growth in the northeastern countries, and development of crops was further slowed in all other countries. The moisture benefited some areas which had become a little dry, but some other areas may have become too wet. Snow in the United Kingdom during the preceding week caused substantial losses among new-born lambs, but major winter grain areas sustained little damage. Previously dry crop areas in Spain and northern Italy continued to receive generous rains, and further reductions in winter grain yield are unlikely. The water supply outlook for spring crops in Spain continued to improve, but shortages persist.

EASTERN ASIA--Light to moderate rainfall improved growing conditions in crop areas of Hebei, Liaoning and Jilin in the northeast. Rainfall ranging from 5 to 15 mm in northern crop areas of Hebei helped winter wheat, but some decline in potential yields may have already occurred. Moisture falling in the Manchurian Valley improved conditions in the western portions, but kept soils too wet in the east. Rainfall increased again south of the Yangtze River with greatest amounts in the hills. This kept streams running full and caused some localized flooding. In South Korea, rainfall increased somewhat, but remained below normal, possibly causing some crop areas to be a little short of water. Temperatures in all parts of the region stayed warmer than normal.

SOUTH ASIA--Rainfall remained light in Bangladesh, allowing further drying of previously flooded fields. Scattered showers continued in eastern India and spread over the southeastern half of the country. Rainfall amounts were above normal at many locations, but coverage was spotty. Such pre-monsoon showers are expected at this time of year. Although much of the moisture will be lost to normal high evaporation, this early onset of rains will replenish soil moisture somewhat, and provide optimism for the approaching rainy season. Fair weather prevailed in major wheat areas of the north as harvesting neared completion.

NORTHWESTERN AFRICA--A low pressure system that developed over Tunisia late in the week caused some above-normal rainfall in northern Morocco and Algeria. This moisture created somewhat unfavorable conditions for winter grains nearing maturity. Problems may be minimized if normal drier weather returns soon. Lighter rainfall in Tunisia should not have caused any problems.

CANADA--Showers produced 10 to 25 mm of weekly rainfall in Manitoba, eastern Saskatchewan and scattered locations in northern Alberta's wheat-growing area. Southwestern Saskatchewan and southern Alberta were



mostly dry throughout the week. Topsoil moisture is rated poor in this portion of the Canadian wheat belt. Early wheat sowing has begun in southern Saskatchewan with up to 30 percent of the intended wheat acreage planted in southwestern areas. The wheat growing region will need an adequate supply of topsoil moisture within the next month to ensure proper germination and uniform emergence of the crop.

AUSTRALIA--Mostly dry weather prevailed in the wheat belt of southern Australia. Significant weekly rainfall of more than 10 mm was confined to a small area in central West Australia and to coastal areas of New South Wales. Localized shower activity was responsible for this scattered rainfall. Rain will be needed very soon in the wheat belt to provide sufficient moisture for successful planting and early crop growth.

SOUTH AMERICA--Central and southern portions of Brazil's corn/soybean belt received significant rainfall. Weekly totals averaged 20 to 40 mm in most areas, but over 100 mm were reported in parts of Parana. Since the soybean harvest is at least 80 to 85 percent complete in Parana, the heavy showers should not cause any significant reduction in overall yields. Brazil's harvest generally is progressing quite well with about 75 percent of the total soybean crop already harvested. Showers in Rio Grande do Sul produced about 10 to 25 mm in the wheat area which should be highly beneficial for sowing, following the soybean harvest. In Argentina, relatively dry weather aided harvest activities. About 50 percent of the corn crop and over 40 percent of the sorghum crop have been harvested. Preparations for winter wheat sowing in Buenos Aires and surrounding provinces also have begun.

SOUTHEAST ASIA--Widespread showers produced significant weekly rainfall over much of Thailand. In the northern zone, 15 to 35 mm of rain fell during the week. Variable amounts of 15 to 50 mm were reported in the eastern portions; however, in the area to the north and the east of Bangkok, weekly rainfall totaled 50 to 125 mm. Rainfall was light in the west and south. This pre-monsoon rainfall has been highly beneficial to agriculture.

MEXICO--Heavy rains drenched the upper northeast, benefiting rangeland, as well as some corn and grain sorghum around Matamoros. Heavy showers also fell at Valles and improved growing conditions for citrus and sugar cane. Other citrus areas received only light rains. It was mostly dry with hot afternoons over the north-central cotton fields, the southern Plateau corn belt and the northwest farming areas. However, moderate rains fell over some northwest mountain watersheds, improving the water supply in a few reservoirs.

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# Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item                           | May 5, 1981      |               | Change from   | A year           |
|--------------------------------|------------------|---------------|---------------|------------------|
|                                |                  |               | previous week | ago              |
|                                | \$ per<br>m. ton | \$ per<br>bu. | ¢ per<br>bu.  | \$ per<br>m. ton |
| <b>Wheat</b>                   |                  |               |               |                  |
| Canadian No. 1 CWRS-12.5%..... | 1/               | 1/            | 1/            | 1/               |
| U.S. No. 2 DNS/NS: 14%.....    | 211.00           | 5.74          | -08           | 199.50           |
| U.S. No. 2 DHW/HW: 13.5%.....  | 212.00           | 5.77          | -05           | 1/               |
| U.S. No. 2 S.R.W.....          | 182.00 8/        | 4.95          | -55           | 189.00           |
| U.S. No. 3 H.A.D.....          | 238.00           | 6.48          | +06           | 224.00           |
| Canadian No. 1 A: Durum.....   | 1/               | 1/            | 1/            | 245.00           |
| <b>Feed grains:</b>            |                  |               |               |                  |
| U.S. No. 3 Yellow Corn.....    | 163.00           | 4.14          | -06           | 138.50           |
| U.S. No. 2 Sorghum 2/.....     | 166.00           | 4.22          | 0             | 151.00           |
| Feed Barley 3/.....            | 165.50           | 3.60          | -22           | 142.00           |
| <b>Soybeans:</b>               |                  |               |               |                  |
| U.S. No. 2 Yellow.....         | 309.00           | 8.41          | -23           | 261.50           |
| Argentine 4/.....              | 311.50           | 8.48          | -11           | 265.10 7/        |
| 44% Soybean Meal (M.T.)..      | 275.00           | --            | -1.00 5/      | 226.00           |
| <b>EC Import Levies</b>        |                  |               |               |                  |
| Wheat 6/.....                  | 79.88            | 2.17          | +35           | 121.08           |
| Barley.....                    | 70.71            | 1.54          | +01           | 119.93           |
| Corn.....                      | 69.73            | 1.77          | -04           | 135.10           |
| Sorghum.....                   | 68.04            | 1.73          | -08           | 124.12           |

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ August delivery.

8/ June delivery.

Note: Basis May delivery.

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